

nwa

STATE OF THE REGION

2023



nwa Northwest
Arkansas
Council



UNIVERSITY OF
ARKANSAS

Sam M. Walton College of Business



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The State of the Northwest Arkansas Region Report is an annual publication, commissioned by the Northwest Arkansas Council, that serves as a tool for measuring economic performance. In July 2018, the Northwest Arkansas Council created a new blueprint for development in which Northwest Arkansas is benchmarked with other high-performing regions, namely Austin, Des Moines, Madison, Durham-Chapel Hill, Raleigh and Provo-Orem. The 2023 report compares Northwest Arkansas with these geographies in gross domestic product, employment, unemployment, establishment growth, median household income, average annual wages, poverty, educational attainment, research and development spending, homeownership costs, commuting time and average domestic airfares. The following table provides a summary of the performance of the Northwest Arkansas region (Benton, Madison, and Washington counties) on these measures. Important indicators such as population growth, household income and wages showed strong increases from 2020, while improvements in metrics such as higher education attainment were more limited. The data in this report covers a time period that includes the COVID-19 pandemic, and metrics such as the gross domestic product, unemployment rate and airfares reflect the impacts of the pandemic.

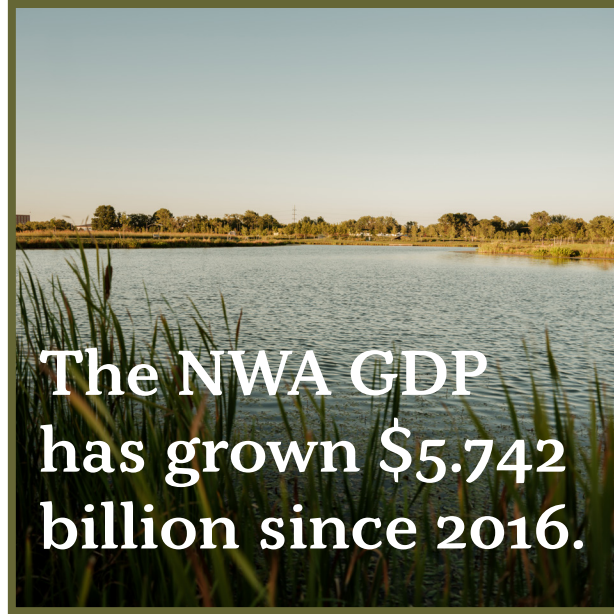
PEER REGIONS OVERVIEW

	Fayetteville-Springdale-Rogers MSA	Austin-Round Rock-Georgetown MSA	Des Moines-West Des Moines MSA	Madison MSA	Durham-Chapel Hill MSA	Raleigh-Cary MSA	Provo-Orem MSA
Population Growth, 2020-2022	4.9%	5.3%	2.6%	0.8%	2.0%	4.5%	5.9%
Real GDP Growth, 2019-2021	12.3%	13%	7.1%	3.8%	8.8%	7.2%	13.2%
Annual Unemployment Rate, 2020-2022	2.4%	2.9%	2.6%	2.2%	3.2%	3.1%	2.1%
Nonfarm Employment Growth, 2020-2022	11.2%	16.7%	7.7%	6.3%	7.3%	10.9%	8.6%
Median Household Income, 2022	\$73,364	\$94,604	\$80,061	\$83,214	\$79,154	\$92,739	\$95,687
Average Annual Wages, 2022	\$53,810	\$63,890	\$59,950	\$62,200	\$71,720	\$62,500	\$56,440
Business Establishment Growth, 2022	6.6%	14.8%	9.6%	5.3%	15.7%	18.7%	13.8%
% of Adults w/Bachelor's Degree or Higher, 2022	36.3%	52.1%	41.1%	50.5%	50.6%	50.8%	43.7%
Poverty Rate, 2022	10.9%	9.4%	8.9%	9.8%	11.2%	7.9%	7.8%
R&D Expenditures (thousands), 2022	\$164,443	\$779,348	\$360,275	\$1,380,075	\$1,205,883	\$1,237,686	\$624,737
% of Workers Traveling Fewer than 30 Min., 2022	74.5%	60.7%	76.8%	74.9%	67.7%	60.5%	73.0%
Avg. Domestic Airfare, 2022	\$499	\$365	\$403	\$538	\$372	\$372	\$449
RANKING SCALE	1st	2nd	3rd	4th	5th	6th	7th

INDICATOR	MOST RECENT ANNUAL DATA	VALUE FROM 2 YEARS PRIOR	2-YEAR PERCENT CHANGE
Population Estimate, July 2022	576,403	549,566	4.9%
Real GDP (millions of chained 2012 dollars), 2021	\$28,042	\$24,961	12.3%
Avg. Annual Unemployment Rate, 2022	2.4%	4.6%	-2.2%
Total Nonfarm Employment, 2022	303,000	272,600	11.2%
Median Household Income, 2022	\$73,364	\$61,761	18.8%
Average Annual Wages, 2022	\$53,810	\$50,470	6.6%
Business Establishments, 2022	15,050	14,121	6.6%
% of Adult Population w/a bachelor's degree or Higher, 2022	36.3%	33.2%	3.1%
Poverty Rate, 2022	10.9%	12.1%	-1.2%
R&D Expenditures (thousands), 2021	\$164,443	\$180,225	-8.8%
Average Domestic Airfare, 2022	\$499	\$374	33.5%

METROPOLITAN GDP

Real metropolitan gross domestic product (GDP) in the Northwest Arkansas region **increased by 12.3%** between 2019 and 2021, bringing the **GDP to \$28 billion**. The region's five-year average annual growth rate from 2016 to 2021 was **4.7%, 0.5% higher** than the average annual growth rate for peer regions, **2.6 percent higher** than that of the nation, and **2.9% higher** than the average growth rate in the state of Arkansas.



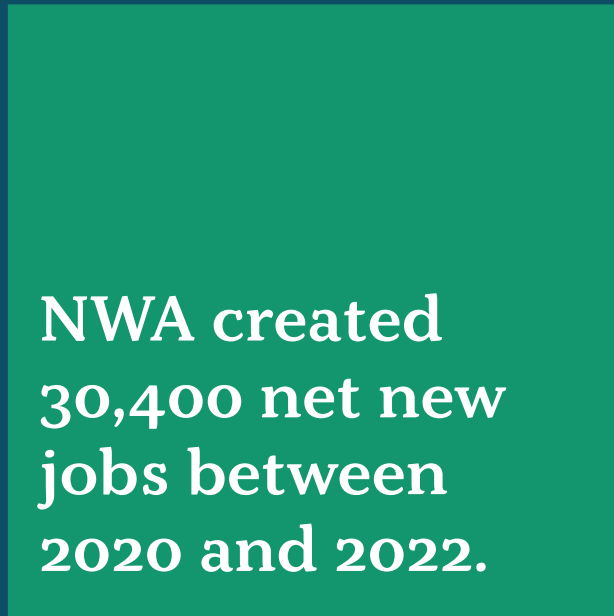
NWA business establishments grew by 929 since 2020 and has grown by 2,017 since 2017.

BUSINESS ESTABLISHMENT GROWTH

Northwest Arkansas business establishment growth from 2020 to 2022 was **6.6%**, higher than its growth rate in the previous 2-year cycle but slower than the average growth rate in most peer regions. The five-year change in the number of establishments from **13,033 in 2017 to 15,050 in 2022** represents an annual increase of **2.9%**, higher than only one peer region.

EMPLOYMENT

From 2017 to 2022, Northwest Arkansas' employment grew at an **average annual rate of 3.1%**, a pace that was more than **twice as fast as that of Arkansas (1.3%)** and more than **3 times as that of the United States (0.9%)** but was in the top half of the pack (3rd) when compared to peer regions. Employment in Northwest Arkansas **increased 11.2%** from 272,600 in 2020 to 303,000 in 2022.

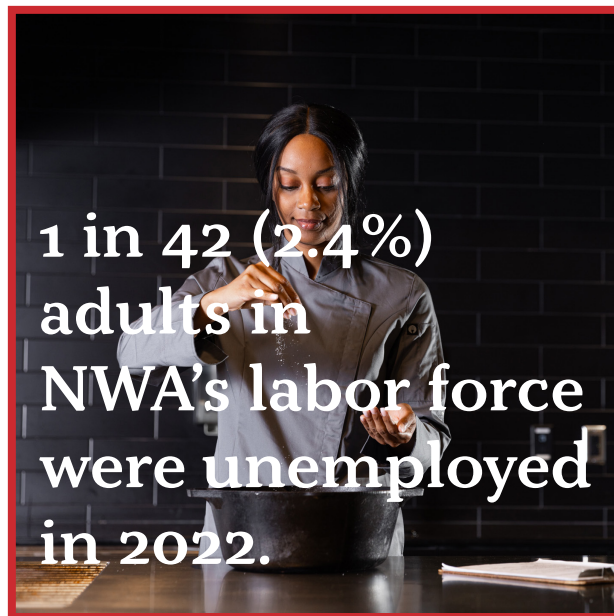


MEDIAN HOUSEHOLD INCOME

The median household income for Northwest Arkansas **grew 18.8% to \$73,364 from 2020 to 2022**, which was the third fastest pace of increase among the peer regions. However, the median household income was the lowest among the peer regions. From 2017 to 2022, Northwest Arkansas' **average annual rate of change was 5.5%**, which was above the average growth rate in the peer regions of 4.7%.

UNEMPLOYMENT

The unemployment rate for Northwest Arkansas in 2022 was **2.4%, a decrease of 2.2%** from 2020 as employment was rejuvenated after the setback in 2020 because of the COVID-19 pandemic. The 2022 unemployment rate in Northwest Arkansas was lower than all but two peer regions and was also lower than the state and national unemployment rate. The unemployment rate **decreased 0.4%** from 2017.



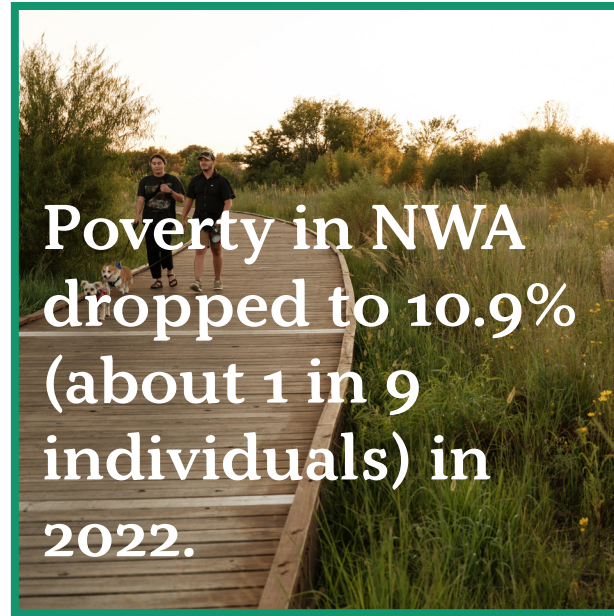
The average worker in NWA saw a \$3,340 gain in annual wages since 2020.

ANNUAL WAGES

The average annual wage in Northwest Arkansas was the lowest among peer regions at **\$53,810 in 2022**. Annual wages increased at an average annual pace of **3.3% since 2020**, although the region's growth was **1.6 percentage points less** than the peer region's average. From 2017 to 2022, **wage growth averaged 3.3% per year in Northwest Arkansas**, which was the lowest rate among peer regions. Annual wage growth was strongest in the Provo-Orem region **between 2017 and 2022 at 4.4%**.

POVERTY

In 2022, the poverty rate for Northwest Arkansas was **10.9%**, a **1.2% decrease from 2020**. Only the Durham-Chapel Hill region had a higher poverty rate and both regions have a higher proportion of college students. Since 2017, the poverty rate in Northwest Arkansas has decreased **1.2 percentage points**, which was the fourth fastest decline in poverty rates among the peer regions. The 2022 poverty rate in Northwest Arkansas was **lower than the 16.8% poverty rate** for the state of Arkansas.



The median price of single-family homes grew by **55.3% since 2019**, faster than all our peer regions.

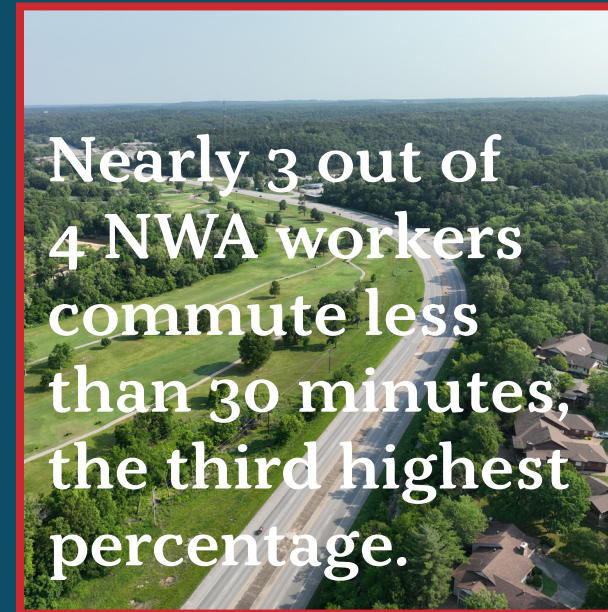
COST OF HOMEOWNERSHIP

In Northwest Arkansas, the median home price of existing single-family homes **grew by 55.3% between 2019 and 2023**, to \$328,400, updated as of 2023 Q1. The rate of increase was the highest compared to our peer regions. When considering the cost of housing and transportation, the typical Northwest Arkansas resident **spent 49% of their income on housing and transportation**. The typical resident in every peer region except for Durham-Chapel Hill had lower expenditures on housing and transportation.

EDUCATIONAL ATTAINMENT

The percentage of adults 25 years or older with a bachelor's degree or higher in Northwest Arkansas **increased by 3.2% to 36.3%** between 2020 and 2022. On average, **48.1%** of adults 25 years or older had a bachelor's degree or higher in peer regions. Since 2017, higher education attainment **grew 4.5 percentage points** in Northwest Arkansas, same as the average change among peer regions.

36.3% of adults (25 years+) in NWA had a bachelor's degree or higher in 2022, higher than the national average (35.7%).



COMMUTING

In 2022, **74.5% of Northwest Arkansas workers spent fewer than 30 minutes commuting to work**. The percent of workers in Northwest Arkansas who used alternative modes of transportation to get to work, including biking, walking and public transit, **increased from 2.2% in 2020 to 2.6% in 2022** as more people resumed in-person work or adopted a hybrid work schedule. Most other peer regions had more workers who used alternative modes of transport, and Northwest Arkansas ranked fifth in this metric.

ACADEMIC RESEARCH AND DEVELOPMENT

The University of Arkansas had **over \$164.4 million in R&D expenditures in 2021, down 8.8% from 2019**. The decline in funds decreased the University of Arkansas' ranking from **#126 in 2018 to #140 in 2021** among all universities in the U.S.. The University of Arkansas in 2021, received 65 invention disclosures (down from 67 in 2019), filed 120 new patent applications (up from 37 in 2019), and saw 28 patents issued (up from 22 in 2019).



The pandemic pushed the average cost of a domestic roundtrip flight to **\$499 in NWA in 2022**.

AVERAGE ANNUAL DOMESTIC AIRFARE

Flights from Northwest Arkansas National Airport had an average annual domestic fare (round-trip) of **\$499 in 2022, significantly higher (33.5%) than the fare in 2020** as travel and tourism is returning to pre-COVID-19 pandemic levels. The airport had the second highest average fare among the peer regions.



For questions about this report, contact:

Information for this report was gathered from the following sources: Center for Neighborhood Technology, National Association of Realtors, National Science Foundation, U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics, U.S. Census Bureau and U.S. Bureau of Transportation Statistics.

Thanks to the Northwest Arkansas Council for providing the photographs.

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